

AMENDED IN ASSEMBLY JUNE 16, 2004

AMENDED IN SENATE MAY 24, 2004

AMENDED IN SENATE APRIL 28, 2004

AMENDED IN SENATE MARCH 22, 2004

**SENATE BILL**

**No. 1850**

**Introduced by Senator Machado**

February 20, 2004

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An act to add Section 14131.2 to the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1850, as amended, Machado. Medi-Cal.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits. A beneficiary may elect to receive Medi-Cal benefits by choosing providers who are reimbursed on a fee-for-service basis or by enrolling in a prepaid managed health care plan, pilot program, or fee-for-service case management provider program that has agreed to make Medi-Cal services readily available to enrolled Medi-Cal beneficiaries.

This bill would require the department to perform a review and, if necessary, a field audit of a Medi-Cal provider, *with certain exceptions*, for purposes of detecting fraudulent activity and protecting program resources for any calendar month when the number of out-of-county Medi-Cal recipients served by a provider exceeds a threshold percentage, established as prescribed, of the total amount of beneficiaries served by that provider.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14131.2 is added to the Welfare and  
2 Institutions Code, to read:  
3 ~~14132.2.—~~  
4 *14131.2. (a) (1) For any calendar month when the number of*  
5 *out-of-county Medi-Cal recipients served by a provider exceeds a*  
6 *threshold percentage of the total amount of beneficiaries served by*  
7 *that provider, the department shall perform a review and, if*  
8 *necessary, a field audit of the provider for purposes of detecting*  
9 *fraudulent activity and protecting program resources.*  
10 *(2) The department, in conjunction with the Bureau of*  
11 *Medi-Cal Fraud in the office of the Attorney General, may use ZIP*  
12 *Codes in lieu of county subdivisions if the department determines*  
13 *the use of ZIP Codes to be more effective and practical in*  
14 *implementing this section.*  
15 *(b) For purposes of this section, “out-of-county Medi-Cal*  
16 *recipient” means a Medi-Cal recipient who resides in a county*  
17 *other than the county in which the benefits are provided.*  
18 *(c) (1) The threshold percentage shall be established, and*  
19 *adjusted when appropriate, by the department in conjunction with*  
20 *the Bureau of Medi-Cal Fraud in the office of the Attorney*  
21 *General.*  
22 *(2) The department, in conjunction with the Bureau of*  
23 *Medi-Cal Fraud in the office of the Attorney General, may*  
24 *establish a statewide threshold percentage or individual threshold*  
25 *percentages for distinct areas of the Medi-Cal program, including,*  
26 *but not limited to, the following:*  
27 *(A) Provider types.*  
28 *(B) Services.*  
29 *(C) Aid code categories*  
30 *(D) Geographic areas.*  
31 *(d) Subdivision (a) does not apply to the following providers:*  
32 ~~*(1) Providers who render services to less than \_\_\_\_\_ recipients*~~  
33 ~~*per month.*~~  
34 ~~*(2) University of California hospitals.*~~

1     (1) A community, rural, or hospital out-patient clinic licensed  
2 by the department pursuant to Chapter 1 (commencing with  
3 Section 1200) of Division 2 of the Health and Safety Code and  
4 certified by the department to participate in the Medi-Cal  
5 program.

6     (2) A clinic meeting the requirements to qualify as exempt from  
7 clinic licensure pursuant to subdivision (h) of Section 1206 of the  
8 Health and Safety Code, including an intermittent clinic that is  
9 operated by a licensed primary care clinic on separate premises or  
10 an affiliated mobile health care unit licensed or approved under  
11 Chapter 9 (commencing with Section 1765.101) of Division 2 of  
12 the Health and Safety Code, if the exempt from licensure clinic is  
13 operated by a licensed primary care clinic and, with respect to an  
14 intermittent clinic or mobile health unit, if the licensed primary  
15 care clinic directly or indirectly provides all staffing, protocols,  
16 equipment, supplies, and billing services for the intermittent clinic  
17 or mobile health unit.

18     (3) A health facility licensed by the department pursuant to  
19 Chapter 2 (commencing with Section 1250) of Division 2 of the  
20 Health and Safety Code and certified by the department to  
21 participate in the Medi-Cal program.

22     (4) A health facility, school, or college under the general  
23 supervision of a California Children's Services program panel  
24 physician and surgeon, including a family physician or podiatrist  
25 who is board-certified with expertise in the care of children and  
26 who meets the qualifications of Sections 123880 and 123885 of the  
27 Health and Safety Code.

28     (5) A children's hospital, as defined in Section 10727.

29     (6) A hospital or a primary care clinic specified in subdivision  
30 (a) of Section 1204 of the Health and Safety Code that is directly  
31 conducted, maintained, and operated by a political subdivision or  
32 district of the state or by any city.

33     (7) A provider who has provided services, directly or indirectly,  
34 to less than, or caused a claim to be submitted for less than, 10  
35 Medi-Cal beneficiaries in a calendar month.

36     (8) A provider who provides emergency services, directly or  
37 indirectly, for a general acute care hospital licensed by the  
38 department, pursuant to Section 1255 of the Health and Safety  
39 Code and is approved in accordance with subdivision (c) of  
40 Section 1277 of the Health and Safety Code to offer special

1 *services, including an emergency center; to the hospital and its*  
2 *outpatient departments.*

3 *(9) Neonatal delivery services.*

4 (e) Services to the following aid categories shall not be  
5 included in a determination of whether a provider has exceeded a  
6 threshold percentage under subdivision (a):

7 (1) Foster care beneficiaries.

8 (2) Any other provider type or aid code, upon a determination  
9 by the department, in conjunction with the Bureau of Medi-Cal  
10 Fraud in the office of the Attorney General, that the exclusion of  
11 the provider type or aid code is sufficiently justified under this  
12 section.

